

# Arizona form A1-WP and A1-QRT Instructions

## Form A1-WP Instructions

### Purpose of Form

an employer uses Form A1-WP to transmit Arizona withholding payments to the Arizona Department of Revenue. Employers required to make Arizona withholding payments via electronic funds transfer will not use this form.

### Electronic Funds Transfer

Beginning January 1, 1994, average Arizona withholding liability for the preceding calendar year of \$50,000 or more requires Arizona payments via electronic funds transfer.

Obtain additional information concerning the Arizona electronic funds transfer program by calling the EFT help line at 1-800-572-7037 or (602)542-2040.

### Business Name and Address

Check the accuracy of the business name and address printed on the form. Make corrections on the form as required. If name or address is missing, please write in the correct information.

### State Withholding Number

Check the accuracy of the withholding number printed on the form. Make corrections on the form as required. If the withholding number is missing, please write in the correct number. This number should include all 8 numerical digits and the alphabetical letter.

### Quarter and Year

Enter the quarter (1,2,3, or 4) and the last two digits of the year in which the withholding liability was incurred.

### Arizona Withholding Payment Schedule

Arizona law requires an employer, at the beginning of each new quarter, to compute its average Arizona withholding tax liability for the preceding four calendar quarters. This calculation is performed to determine the correct Arizona withholding payment schedule. Compute the average by adding the withholding tax liabilities for the preceding four calendar quarters and dividing the total by four. exception: if you have less than four full calendar quarters of withholding please see page 2 instructions.

An average Arizona quarterly withholding tax liability of \$1,500 or less requires Arizona withholding payments on a quarterly basis.

#### Example 1:

An employer is trying to determine the correct Arizona withholding payment schedule for the second calendar quarter 1994. The employer would make the following calculation to compute the

average amount of Arizona income taxes withheld in the preceding four calendar quarters:

First quarter 1994 withholding	\$ 1100
Fourth quarter 1993 withholding	1600
Third quarter 1993 withholding	1000
Second quarter 1993 withholding	<u>1200</u>
Total withholding	\$ 4900
Divide by	<u>4</u>
Average withholding	<u>\$ 1225</u>

This example illustrates a four quarter average of Arizona income taxes withheld that does not exceed \$1500. Therefore the employer is required to make Arizona withholding payments on a quarterly basis.

Quarterly Arizona withholding payments are due on the following dates: (1) first calendar quarter, April 30; (2) second calendar quarter, July 31; (3) third calendar quarter, October 31; and (4) fourth calendar quarter, January 31.

If the quarterly withholding payment due date is a Saturday, Sunday, or legal holiday, the withholding payment is timely if made on the next banking day.

Average Arizona withholding tax liability of more than \$1,500 requires Arizona withholding payments at the same time as federal employment tax deposits.

#### Example 2:

The same employer is trying to determine the correct Arizona withholding payment schedule for the third calendar quarter 1994. The employer would make the following calculation to compute the average amount of Arizona income taxes withheld in the preceding four calendar quarters:

Second quarter 1994 withholding	\$ 1800
First quarter 1994 withholding	1400
Fourth quarter 1993 withholding	1900
Third quarter 1993 withholding	<u>1300</u>
Total withholding	\$ 6400
Divide by	<u>4</u>
Average withholding	<u>\$ 1600</u>

This example illustrates a four quarter average of Arizona income taxes withheld that now exceeds \$1500. Therefore, the employer is required to make Arizona withholding payments at the same time as federal employment tax deposits.

An employer may be required to make federal employment tax deposits on a one-banking-day, monthly or semi-weekly basis. If

an employer is required to make its Arizona withholding payments at the same time as its federal employment tax deposits, the employer also would be required to make Arizona withholding payments on a one-banking-day, monthly or semi-weekly basis.

**Monthly Arizona withholding payments** are due on the fifteenth day of the month following the calendar month in which the taxes accumulated.

If the withholding due date is a Saturday, Sunday, or legal holiday, the withholding payment is timely if made on the next banking day.

**Semi-weekly Arizona withholding payments** are due on the following schedule:

Wednesday through Friday semi-weekly period-on or before the following Wednesday.

Saturday through Tuesday semi-weekly period-on or before the following Friday.

If any of the three weekdays following the close of a semi-weekly period is a non-banking day, an additional banking day is granted to make the required payment.

If a calendar quarter ends during a semi-weekly period (on a day other than Tuesday or Friday), the following rules apply:

1. Taxes accumulated on the days in the current calendar quarter are subject to one payment obligation.
2. Taxes accumulated on the days in the next calendar quarter are subject to a separate payment obligation.
3. The payment(s) is (are) due at the normal payment due date for the semi-weekly period.

A federal one-banking-day deposit requirement for a monthly or semi-weekly deposit period dictates a one-banking-day Arizona payment requirement. The employer must make a one-banking-day federal employment tax deposit if federal taxes accumulate to \$100,000 or more on any day during a deposit period. the Arizona payment is due the same day although the Arizona withholding liability may not have reached \$100,000 for the same period.

**Determination of the correct Arizona withholding payment schedule for employers who have no his-**

**torical data for four full consecutive calendar quarters.**

An employer without historical data for four full consecutive calendar quarters should follow the method prescribed by Arizona Administrative Code (AAC) rule R15-2-401.B.

To help you, AAC R 15-2-401.B is quoted in its entirety:

"B. If the employer has no historical data for four full consecutive quarters upon which to determine the lawful due dates of his payments, he shall determine the due dates for payments under this subsection. The due dates for the payments to the Department shall conform to the federal deposit requirements whenever the quarterly average for state withholding exceeds \$1500.

1. Except as provided in R15-2-401(B)(5) a newly formed business or a new employer shall remit payment for the first quarter that it withholds taxes on or before the last day of the first month of the next calendar quarter.
2. If the employer's first payment under R15-2-401(B)(1) does not represent a full quarter of withholding, the employer shall determine its quarterly average for the first full quarter by annualizing the amount withheld in the first partial quarter and dividing by four.
3. During the second full quarter an employer shall consider the quarterly average to be the amount collected for the first full quarter of withholding. The employer shall determine the quarterly average in subsequent full quarters by adding the amounts withheld during the prior full quarter and dividing by the number of full quarters of withholding activity.
4. If two or more employers consolidate their business activities to form one enterprise, they shall use their combined withholding for the preceding four full calendar quarters to determine their quarterly average. If one of the employers has fewer than four full calendar quarters of withholding activity, it shall annualize the amounts withheld, divide by four and combine this quotient with the quarterly average of the other employer.
5. An employer who purchases an existing business shall use the previous owner's quarterly average to determine the due dates for payments."

# FORM A 1-QRT INSTRUCTIONS

As of January 1, 1994, all Arizona withholding taxpayers will be required to use form A1-QRT for their quarterly reporting.

The top portion of the form is the A1-WP deposit coupon slip. This coupon slip should accompany any withholding payments. The lower portion of the form is the quarterly report, A1-QRT.

## A1-QRT filing dates are:

**April 30, July 31, October 31, and January 31.**

On the A1-QRT, please check the accuracy of the following pre-printed information:

## Business Name and Address

Check the accuracy of the business name and address printed on the form. Make corrections on the form as required. If the name or address is missing, please write in the correct information.

## State Withholding Number

Check the accuracy of the withholding number printed on the form. Make corrections on the form as required. If the withholding number is missing, please write in the correct number. This number should include all eight numerical digits and the alphabetical letter.

## Quarter and Year

Check the accuracy of the quarter and year printed on the form. Make corrections on the form as required. If the quarter or year is missing, please write in the correct quarter (**1,2,3, or 4**) and the last two digits of the year.

## Federal Identification Number

Check the accuracy of the federal identification number printed on the form. Make corrections on the form as required. If the federal identification number is missing, please write in the correct information. This federal employer's identification number can be obtained from the IRS.

## Amended Return

Check the amended box if this is an amended return. Do not use this form to amend a previously filed A1-QR. When amending a previously filed A1-QR, you must use Form A1-QR. Forms are available by calling 542-4260. Please complete amended section on back of return.

## Total Federal Income Tax Withheld for Arizona Employees for the Quarter being Reported

Enter total federal income taxes withheld for Arizona employees during this calendar quarter. Do not include FICA in this amount.

## Total Arizona Payroll for the Quarter being Reported

Enter the total gross Arizona payroll for this calendar quarter.

## Wages Exempt From Arizona Withholding

Those wages for domestic help which are required to be reported on Federal Form 941, but are not subject to Arizona withholding, are still to be included in total Arizona payroll. It is necessary to show the amounts of those wages in the box on the back of the return.

## Quarterly Liability

If your average Arizona withholding for the four prior quarters is equal to or less than \$1500, complete Section DD, Quarterly Tax Liability and Section Z, Total Quarter Tax Liability. **DO NOT COMPLETE SECTIONS A, B, C, AA, BB OR CC.**

**NOTE:** Report only the Arizona withholding tax liability, not Arizona withholding payments.

**If your average Arizona withholding for the four prior quarters is greater than \$1500 per quarter, you must complete section z, total quarter tax liability, and either the daily tax liability section or the monthly liability section.**

## Monthly Tax Liability

If federal guidelines require you to make monthly deposits, complete Sections AA, BB, and CC, Monthly Tax Liability and Section Z, Total Quarterly Tax Liability, regardless of when you actually made your Arizona payments.

Enter the monthly Arizona tax liability for wages paid for each month of the calendar quarter on lines AA, BB, and CC.

Show Arizona withholding tax liability here, not Arizona withholding payments. Add the three monthly subtotals and enter the total Arizona tax liability for the calendar quarter on line Z.

**The daily tax liability schedule is also completed by monthly payers who were required to make one-banking day Arizona payments during the calendar quarter.**

If an employer incurs a one-banking day obligation during the first month:

First month: complete Section A, daily tax liability  
Second month: complete Section B, daily tax liability  
Third month: complete Section C, daily tax liability

If an employer incurs a one-banking day obligation during the second month:

First month: complete Section AA, monthly tax liability  
 Second month: complete Section B, daily tax liability  
 Third month: complete Section C, daily tax liability

If an employer incurs a one-banking day obligation during the third month:

First month: complete Section AA, monthly tax liability  
 Second month: complete Section BB, monthly tax liability  
 Third month: complete Section C, daily tax liability

**Important note for one banking day obligations:**

Anytime you have incurred a one-banking day obligation, you must check the small box to the right of the number that corresponds to that date.

## Daily Tax Liability

If federal guidelines require you to make deposits on a semi-weekly or one-banking day basis, you must complete Sections A, B and C, daily tax liability and Section Z, total quarterly tax liability.

On lines A1 through A31, B1 through B31 and C1 through C31, make entries on the day Arizona tax liability occurs for wages paid. **Show Arizona withholding tax liability here, not Arizona withholding payments.**

## Final Return for Business Reorganization or Termination:

When a business is sold, discontinued, converted to a new form or all employees of the business are dismissed, the employer should check the box at the bottom of the Arizona Form A1-QRT indicating that this is the employer's final quarterly report.

The employer should refer to WTP 92-1, withholding tax procedure for filing final withholding reports/returns, for additional information concerning the employer's duties in regard to its withholding reporting requirements. Copies of this withholding tax procedure may be obtained by calling one of the Taxpayer Information and Assistance numbers listed below.

Phoenix .....	(602) 255-2060
Tucson .....	(602) 628-6421
Other areas in Arizona .....	1-800-843-7196
For the hearing impaired TDD user .....	(602) 542-4021
	1-800-397-0256
Tax Tapes .....	(602) 542-1911
	1-800-845-8192